

Message Text

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ACTION COME-00

INFO OCT-01 NEA-10 ISO-00 EB-08 /019 W
-----020317 301512Z /46

R 300501Z JUL 78
FM AMEMBASSY JIDDA
TO SECSTATE WASHDC 2861
INFO USINT BAGHDAD
AMCONSUL DHAHRAN
USLO RIYADH

UNCLAS SECTION 1 OF 2 JIDDA 5554

E.O. 11652: N/A
TAGS: BEXP, XF
SUBJ: MARCH 1979 HEALTH CARE INDUSTRIES SPECIALIZED MISSION

REF: STATE 159375

1. THE EMBASSY APPRECIATES USDOC RESPONSE TO ITS FY-78 CCP RECOMMENDATIONS FOR SUBJECT MISSION. USLO RIYADH AND AMCON DHAHRAN WELCOME THE MISSION. THE FOLLOWING REPORT IS KEYED TO THE ALPHABETIZED POINTS RAISED IN REFTEL. COMMERCE SHOULD INCLUDE POINTS FROM THE CCP IN ITS PLANS PACKAGE.

2. A) THE MISSION SHOULD VISIT JIDDA, RIYADH AND DHAHRAN. RECOMMENDED DATES ARE: MARCH 9, 10, 11 AT JIDDA ARRIVING EVENING OF MARCH 9, DEPARTURE FROM JIDDA FOR RIYADH EVENING MARCH 11, DEPART RIYADH FOR DHAHRAN EVENING OF MARCH 12, DEPART DHAHRAN AFTERNOON OR EVENING OF MARCH 15. ROUTE MAY BE REVERSED TO BEGIN AT DHAHRAN IF PREFERABLE AND IF MORE TIME NEEDED JIDDA WILL NOT OBJECT TO HAVING MISSION OVER THURSDAY/FRIDAY MUSLIM WEEKEND HOLIDAY SINCE MANY JIDDA FIRMS OPEN ON THURSDAY MORNINGS AND FURTHER EXTENSION OF TIME WILL BE PERMISSABLE TO INCLUDE SATURDAY BUSINESS CALLS. DHAHRAN REPORTS THAT IT PREFERENCES THE MISSION TO ARRIVE ON THE

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AFTERNOON OF THE DAY PRIOR TO THE MISSION'S TWO-DAY SESSION FOR PROGRAMMING THE RECEPTION WHICH HAS PROVED TO BE A VALUABLE TOOL FOR PROMOTION AND APPOINTMENTS. WE STRONGLY SUPPORT THIS RECOMMENDATION. RIYADH REPORTS THAT STOP THERE WILL PROVIDE MISSION ACCESS TO SAG OFFICIALS RESPONSIBLE FOR HEALTH CARE PROGRAMS.

B) PRODUCTS AND SALEABILITY PROSPECTS.

THE SAUDI 5-YEAR PLAN ENVISAGES THE ADDITION OF 11,500 NEW HOSPITAL BEDS BY 1980, WHICH WILL REQUIRE NEW HOSPITAL CONSTRUCTION, SOME OF WHICH IS IN PROGRESS. EXPENDITURES FOR HEALTH CARE ARE ESTIMATED AT \$7 BILLION BY THE MINISTRY OF HEALTH. IN ADDITION, OTHER MINISTRIES AND SAUDI AGENCIES SUCH AS THE MINISTRY OF DEFENSE AND AVIATION, MINISTRY OF INTERIOR, THE SAUDI NATIONAL GUARD AND SAUDIA AIRLINES ARE PLANNING HOSPITAL FACILITIES. THESE PLANS ARE ESTIMATED TO COST SOME \$3 BILLION MORE TO THE SAG. MOREOVER, THERE IS A PROLIFERATION OF SAUDI PRIVATE HOSPITAL CONSTRUCTION AND HEALTH SERVICES GEARED TOWARD THE EXPATRIATE COMMUNITY. SOME OF THE LARGER PRIVATE FOREIGN CONTRACTORS ALSO ARE PLANNING MEDICAL FACILITIES FOR THEIR WORKERS. EXCEPT FOR HEARING AIDS THE ITEMS LISTED IN IB REFTEL APPEAR WELL CHOSEN, ACCORDING TO LOCAL DEALERS AND MEDICAL PRACTITIONERS. WE WOULD ADD, HOWEVER, THAT HEALTH CARE DISPOSABLES, INCLUDING SYRINGES, THERMOMETERS AND OTHER SICK ROOM SUPPLIES HAVE AN EXCELLENT POTENTIAL. MEDICAL LABORATORY EQUIPMENT AND DIETITIC KITCHEN EQUIPMENT AND SUPPLIES ALSO OFFER GOOD POTENTIAL. RECENTLY, SAUDI TRADE INQUIRIES REGARDING MOBILE CLINICS HAVE BEEN HIGH. OPERATION ROOM EQUIPMENT, PARTICULARLY

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DISPOSABLES, ALSO APPEAR TO HAVE EXCELLENT POTENTIAL. PHARMACEUTICAL PREPARATIONS IMPORTS SHOW HEAVY INCREASES AND INCLUSION OF THIS ITEM SEEMS WARRANTED. USLO RIYADH REPORTS THAT THERE IS A DEFINITE NEED FOR COMPANIES TO SERVICE AND REPAIR MEDICAL EQUIPMENT. COMPANIES OFFERING EQUIPMENT IN THIS LINE AS WELL AS CONTRACTORS WILL FIND A GOOD MARKET. RIYADH ALSO REPORTS THAT THERE ARE A NUMBER OF FOREIGN COMPANIES MANAGING GOVERNMENT HOSPITALS WHICH ALSO UNDERTAKE DIRECT PURCHASING OF EQUIPMENT AND SUPPLIES. THESE INCLUDE THE HOSPITAL CORPORATION OF AMERICAN OF NASHVILLE, TENN., WHITTAKER CORP., OF LOS ANGELES, CALIF, ALLIED MEDICAL OF THE U.K. AMERICAN HEALTH FACILITIES INTERNATIONAL OF MCGQW, I11. HERMAN R. SMITH INTL. AND OTHERS. SOME OF THESE HOSPITAL MANAGEMENT FIRMS ACTUALLY MAKE PROCUREMENT DECISIONS IN U.S. OR U.K. HEAD OFFICES, BASED ON LOCAL RECOMMENDATIONS. HOWEVER, EMBASSY BELIEVES THAT CLEAR SAG POLICY FAVORING LOCAL AGENTS MAKES IT IMPORTANT FOR U.S. FIRMS TO BE REPRESENTED IN KINGDOM.

C) IMPORTS: U.S. MARKET SHARE AND OTHER STATES

1976 DOLS 17.6 MILLION IN HEALTH CARE EQUIPMENT,
1975 DOLS 11.7 MILLION 1974 DOLS 4.3 MILLION,
NO LOCAL PRODUCTION. CONSUMPTION FIGURES NOT
AVAILABLE.

D) (1) DUTIES: THREE PERCENT AD VALOREM ON OPTICAL
MEDICAL, SURGICAL, DENTAL AND VETERINARY INSTRUMENTS,
MECHANO-THERAPY, MESSAGE, ZERO DUTIES ON ORTHOPEDIC
APPLIANCES, ARTIFICIAL LIBS, DEAF AIDS, SPLINTS,
MEDICINES, THREE PERCENT ON MOST MEDICAL FURNITURE.
TWENTY PERCENT OF BEDDING. MATTRESSES, AND CERTAIN SIMPLE FURNITURE.

(2) PRICING FACTORS: WHILE SAG WANTS THE BEST,
PRIVATE BUYERS ARE EXCEEDINGLY PRICE CONSCIOUS.
LOCAL MARKS-UPS ARE HIGH, PROBABLY AT LEAST 100
PERCENT.

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-----020512 301512Z /46

R 300501Z JUL 78
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(3) TRADE AND CURRENCY RESTRICTIONS: NONE.
SAG ADHERENCE TO ARAB BOYCOTT OF ISRAEL SHOULD NOT
IMPEDE DIRECT SALES OR ESTABLISHMENT OF AGENCY
RELATIONSHIPS BY U.S. FIRMS.

E) MAJOR FOREIGN COMPETITION: PRIMARILY BRITISH, WEST
GERMAN, FRENCH, ITALIAN, JAPANESE. MANY DRUGS COME FROM
LEBANON, EGYPT AND OTHER ARAB COUNTRIES.

F) NO CONFLICT FORESEEN WITH OTHER PROMOTIONAL
EVENTS AS LONG AS USDOC ALLOWS SUFFICIENT TIME

BETWEEN THIS AND OTHER SPRING 1979 TRADE MISSIONS.
NO LOCAL HOLIDAY CONFLICT.

G) MAJOR PROJECTS: 1975-80 PLAN FORESEES CONSTRUCTION OF 57 NEW GENERAL AND SPECIALIST HOSPITALS WITH 11,500 BEDS. PHILIP HOLZMAN, WEST GERMANY, IS BUILDING FIVE TURNKEY HOSPITALS FOR MINISTRY OF HEALTH. EUROSISTEM HOSPITALIER OF BELGIUM IS BUILDING TWO TURNKEY 300-BED HOSPITALS FOR NATIONAL GUARD. PRESENTLY UNDER MINISTRY OF HEALTH ARE 62 HOSPITALS (9000 BEDS), 215 DISPENSARIES, AND 372 HEALTH CENTERS. 45 NEW DISTRICT CLINICS ARE TO BE BUILT, EACH WITH FOUR PHYSICIANS. OTHER NEW FACILITIES TO BE BUILT: 32 BITHARZIA OTHER NEW FACILITIES TO BE BUILT: 32 BITHARZIA STATIONS, 11 MALARIA STATIONS, 10 QUARANTINE
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STATIONS, 8 TUBERCULOSIS CLINICS, 10 CHEST DISEASES CLINICS, 20 PRENATAL CLINICS.
MINISTRY OF DEFENSE PLANS BUILD PHASE TWO OF NEW 350 BED HOSPITAL IN RIYADH, FINISHED LAST YEAR BY PHILIP HOLZMANN. PHASE TWO INCLUDES MEDICAL INSTITUTE, TRAINING AND RESEARCH CENTER. PLANS INCLUDE NEW HOSPITAL COMPLEXES IN AL KHARJ AND TAIF. MINISTRY OF INTERIOR PLANS SUPPLEMENT EXISTING 20-BED HOSPITAL IN RIYADH WITH NEW 100-BED HOSPITAL. MINISTRY OF EDUCATION HAS PLANS FOR REHABILITATION AND TRAINING OF PHYSICALLY HANDICAPPED. INCLUDING BLIND, DEAF AND DUMB, AND RETARDED CHILDREN. OTHER MAJOR HOSPITAL CENTERS ARE PLANNED OR UNDERWAY BY MINISTRY OF HIGHER EDUCATION, E.G., UNIVERSITY OF RIYADH AND KING ABDULAZIZ UNIVERISTY, JIDDA. RED CRESCENT SOCIETY BUYS AMBULANCES AND EMERGENCY TREATMENT EQUIPMENT FOR HIGHWAY FIRST-AID STATIONS AND FOR TREATMENT OF PILGRIMS TO MECCA, WHO NUMBER 1.5 MILLION ANNUALLY ANT HIGH POINT. PRIVATE CLINICS ALSO ARE EXPENDING, AND EMBASSY HAS SENT NUMEROUS TRADE OPPORTUNITY REPORTS ON THESE. SOME SAUDI BUSINESSMEN HAVE VISITED U.S. UNDER FOREIGN BUYERS PROGRAM TO PURCHASE MEDICAL EQUIPMENT. KINGDOM'S LARGEST AND BEST MEDICAL EQUIPMENT. KINGDOM'S LARGEST AND BEST MEDICAL FACILITY, KING FAISAL SPECIALIST HOSPITAL, RIYADH, IS RUN BY KING FAISAL SPECIALIST HOSPITAL, RIYADH, IS RUN BY KING'S PRIVATE OFFICE (ROYAL DIWAN). THROUGH MANAGEMENT CONTRACT TO HOSPITAL CORP. OF AMERICA.
H) NO FOREIGN LENDING AGENCIES HAVE LOANS HERE.
I) U.S. FIRMS: IN ADDITION TO THOSE MENTIONED ABOVE, AMERICAN MEDICORP, BALA CYNWD, PA., CALMAQUIP

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ENGINEERING CORP. MIAMI, FLA., ELLERBE INTL.,
BLOOMINGTON,MN., MCKEE-BERGER-MANSUETO INC., NMY.
UNIVERSITY ASSOCIATES FOR INTL. HEALTH, BOSTON.
INTL. MEDICAL SERVICES, PASADENA, CALIF.

3. OPERATIONAL DATA:

A) VISAS ARE REQUIRED WELL IN ADVANCE BY ALL MEMBERS,
COMMERCE SHOULD AVOID ACCEPTING LAST-MINUTE CHANGES
IN PERSONNEL BECAUSE EMBASSY CANNOT QUARANTEE ITS
INTEREST IN OR ABILITY TO PULL NECESSARY STRINGS
TO FACILITATE VISA ISSUANCE. AT THIS END EMBASSY
NEEDS FULL LIST OF PARTICIPANTS TWO MONTHS IN
ADVANCE TO ALLOW TIME FOR FOREIGN MINISTRY TO
AUTHORIZE VISA ISSUANCE.

B) HOTELS: SINGLES MAY BE POSSIBLE, BUT ARE
DOUBTFUL IN RIYADH. COST: BETWEEN \$100 AND \$150
DAILY IN BEST HOTELS. SUITE WILL COST APPROX.
\$200 AND IS NOT RECOMMENDED IN JIDDA AND RIYADH.
C) ARABIC-ENGLISH BILINGUAL BROCHURES, WHICH
ARRIVE EARLY, ARE PREFERRED. MOST APPOINTMENTS
WILL BE IN ENGLISH.

D) USDOC SHOULD PRINT BROCHURES IN U.S. INTERPREERS
HAVE PROVED USEFUL IN DHAHRAN (TWO DAILY, APPROX.
\$100 EACH PER DAY. NOTE: AMCONSUL DHAHRAN
PLEASE ADVISE IF COST IS HIGHER).

E) LOCAL PHOTOGRAPHERS ARE TOO EXPENSIVE FOR USDOC
NEEDS. EMBOFF CAN TAKE EQUALLY GOOD PICTURES
FOR COST OF FILM.

F) RECEPTION AT RESIDENCE OF AMBASSADOR OR
E/C COUNSELOR, APPROX. \$900 JIDDA, \$600 RIYADH,
\$750 DHAHRAN.

G) MISC. POST RECOMMENDS HEFTY BUDGET FOR ARABIA
AND ENGLISH NEWSPAPER ADVERTISEMENTS WHICH HAVE
PROVEN INCREASEINGLY EFFECTIVE: \$800. SECRETARY-
RECEPTIONIST IN DHAHRAN: \$200 USDOC SHOULD
ALSO ALLOW FOR SUBSTANTIAL BUT NECESSARY FSL
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OVERTIME IN ALL POSTS, APPROX: \$1000.
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Message Attributes

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Capture Date: 01 jan 1994
Channel Indicators: n/a
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Concepts: n/a
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Copy: SINGLE
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Decaption Note:
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Disposition Approved on Date:
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Disposition Comment:
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Disposition History: n/a
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Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 78 STATE 159375
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1977231
Secure: OPEN
Status: NATIVE
Subject: MARCH 1979 HEALTH CARE INDUSTRIES SPECIALIZED MISSION
TAGS: BEXP, XF
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/37ddf071-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014